



Did Aid Promote Democracy in Africa? The Role of Technical Assistance in Africa’s Transitions

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Summary. — Did foreign aid impede or catalyze democratization in Africa in the 1990s? We argue that after the Cold War, donors increased their use of technical assistance in aid packages, improving their monitoring capacity and thus reducing autocrats’ ability to use aid for patronage. To remain in power, autocrats responded by conceding political rights to their opponents—from legalizing opposition parties to staging elections. We test our theory with panel data for all sub-Saharan African countries. While other factors played pivotal roles in Africa’s political liberalization, we find technical assistance helps to explain the timing and extent of Africa’s democratization. © 2014 Elsevier Ltd. All rights reserved.

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1. INTRODUCTION

Did foreign aid play a role in Africa’s political transformation after the Cold War? After decades of authoritarian rule, the majority of these regimes came to an abrupt and unexpected collapse in the 1990s. Africa’s political liberalization was slow at first.¹ Some autocrats established certain civil rights such as the permission to organize opposition parties. Others allowed a freer press.² Still others created commissions to examine the country’s constitution. In most countries, these initial movements eventually led to multiparty elections so that by 1994 29 countries had held 54 elections, with observers judging the majority as “free.” These elections boasted high turnouts and many opposition victories: voters removed eleven sitting presidents, and three more had declined to run in these contests. During 1995–97, 16 countries staged second-round elections and by 1998 only four countries in all of sub-Saharan Africa had not staged some sort of competitive contest. Given the continent’s poor record of competitive elections in the post-independence period, rapid political liberalization during this time was a monumental political change.

Despite the magnitude and extent of these changes, scholars’ accounts of these transitions have had only limited success (Gibson, 2002). Many studies argue for the primacy of domestic forces, such as economic crisis or political protest (e.g., Bratton & van de Walle, 1997; Westebbe, 1994). Others note the rapid collapse of autocracy at the end of the Cold War and suggest that international factors fostered the changes (e.g., Huntington, 1993).

Some studies suggest that foreign aid may have contributed to democratization (e.g., Gibbon, Ofstad, & Bangura, 1992; Nelson, 1990; Resnick & van de Walle, 2013). After the fall of the Soviet Union, donors paid increasing attention to political reforms and began attaching conditions to their assistance; a number of anecdotes suggest that elections were in part a response to these pressures. Yet others contend that foreign aid has instead had the effect of entrenching autocrats in power by increasing the resources available for patronage (e.g., Bates, 1994; Brautigam, 2000; Bueno de Mesquita, Morrow, Siverson, & Smith, 2001; Morrison, 2009; Rodrik, 1996).

We argue that foreign aid did both: in earlier periods, aid increased resources available for patronage. However in the 1980s and 1990s donors paid attention to government spending and corruption, making it more difficult for governments to use foreign aid for patronage systems. Enhanced monitoring essentially reduced the resources a political leader could employ to remain in power. We argue that such a reduction in resources, and with few alternatives to maintain patronage networks, Africa’s incumbents during this period were forced to concede political rights to their opponents.

To test whether higher levels of monitoring contributed to political liberalization, we separate technical assistance from other forms of aid. Apart from a few studies (Finkel, Pérez-Liñán, & Seligson, 2007; Resnick & van de Walle, 2013; Scott & Steele, 2011) much of the literature exploring aid’s effects on democracy does not disaggregate foreign assistance into its various types (Djankov, Montalvo, & Reynal-Querol, 2008; Dunning, 2004; Goldsmith, 2001; Knack, 2004; Wright, 2009). We argue that technical assistance is associated with a higher degree of donor oversight than other aid modalities, and should have the marginal effect of decreasing fungible resources and promoting liberalization. In contrast, other types of aid should have little effect on liberalization. We find robust evidence that supports our claims: When technical assistance as a share of GDP increases, the probability of political liberalization also increases and fewer resources are available for patronage. We see no such effect for other forms of aid; in fact, we see an increase in patronage spending under some specifications.

Previous work has also been limited by available measures of democratization which frequently lump together a number of institutional features which have, at best, an ambiguous relationship with foreign aid and the objectives of donor organizations. To improve upon this approach, we code an original dataset that includes different types of actions associated with political liberalization that political leaders can take, from a formal announcement that political liberalization will take place to the actual staging of a free and fair multiparty

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presidential election. We argue that our approach offers a more direct measure of how we should expect leaders to respond to the monitoring effects of foreign aid.

We present our analysis of aid and African political change in five sections. In the first section we describe the politics of patronage in Africa and place foreign aid in this context. In section two we construct a simple model of politics in which a ruler, starved of the funds needed to maintain a patronage system, has no reasonable option to retain power other than conceding political rights to his opponents. We present an empirical model in section three and present our results in section four. In the last section, we discuss the implications for our findings.

2. AID AND THE STRUCTURE OF POLITICS IN AFRICA

Striking agreement exists about the general structure of politics prior to Africa's democratic transitions in the 1990s. Scholars argue that post-independence leaders used the state primarily to maintain incumbency and augment their power (e.g., Bratton & van de Walle, 1997; Chabal & Daloz, 1999; Clapham, 1996). Their actions produced a style of politics characterized by personalized exchange, clientelism, and political corruption.³ Clapham's (1996) "monopoly state," for example, is "peculiarly consumption-oriented form of political management, which depends on the diversion of consumption opportunities to those groups which offer the most help, or pose the most danger, to people in power." In this paper, we use the term "patronage politics" to capture these characteristics.⁴ While all countries may exhibit features of patronage politics (Dixit & Londregan, 1996; Keefer, 2003; Robinson & Verdier, 2002; Roniger, 1994), Bratton and van de Walle (1997: p. 62) argue that it is the "core feature of politics in Africa" (see also Chabal & Daloz, 1999; van de Walle, 2001). In its simplest form, patronage politics describe a system wherein rulers who remain in power by providing a constant stream of material benefits to retain the loyalty of their supporters and to buy out potential opponents. Mismanaging a patronage system often led to unpleasant consequences: over half of Africa's heads of state in power from independence to 1991 were assassinated, executed, imprisoned, or forced into exile.

A large number of studies argue that aid feeds directly into this patronage system. Specifically, because donors are often unable or unwilling to completely monitor aid, autocrats can use it to bolster their regime (e.g., Ahmed, 2012; Alesina & Weder, 2002; Bates, 1994; Bauer, 2000; Brautigam, 2000; Brautigam & Knack, 2004; Collier, 1997; Easterly, 2002; Hodler & Raschky, in press; Jablonski, 2014; Martens, 2002; Robinson, 2003; van de Walle, 2001; World Bank, 2001). The value of foreign aid to fund patronage systems can lead autocrats to craft foreign policy specifically to meet this goal (Clapham, 1996). A country's geostrategic importance to international actors also empowers autocrats to push against or ignore the enforcement of any conditions that might be part of a loan or grant (Stone, 2008). If such a view is correct, then aid should have helped leaders to fend off democracy in Africa.

But other scholars assert that foreign aid was (and is) a catalyst for democratic reform. The end of the Cold War saw bilateral and multilateral donors placing more emphasis on enforcing aid conditions, and donor objectives became more explicitly political. Two factors caused donors to place increasingly enforced political conditions on aid in the 1990s. First,

donors recognized that macroeconomic changes alone could not eliminate structural barriers to development, such as economically inefficient regulation and opaque application of the rule of law. Under the new rubric of "good governance," donors thus designed aid packages that demanded institutional changes from governments in return for resources (Ake, 1996; Chabal & Daloz, 1999; Gibbon *et al.*, 1992; Goldsmith, 2001; Ihonvbere, 1996; Nelson, 1990; van de Walle, 2001; World Bank, 1994, 1996). Second, without the ability to play one side against the other, aid recipients lost substantial bargaining power with respect to donors after the collapse of the Soviet Union and consequently were less able to evade donor conditions (Bratton & van de Walle, 1997; Clapham, 1996; Crawford, 2001; Dunning, 2004; Goldsmith, 2001). Given the increased bargaining strength of donors, their demands for political change allegedly led to liberalization on the continent.

While such an argument appears straightforward, few scholars have actually shown a robust positive effect of aid on democratization (Brautigam, 2000; Devarajan, Dollar, & Holmgren, 2001; Grosh, 1994; Hook, 1998; Knack, 2004; Maren, 1997; Moore, 1998; van de Walle, 1994). In Bratton and van de Walle's (1997) foundational study, for example, explicit political conditions on loans were *negatively* related to average levels of liberalization in Africa from 1988 to 1992; additional tests found no link between overseas development assistance and democratization. Several studies (e.g., Bratton & van de Walle, 1997; Scarritt, McMillian, & Mozaffar, 2001) omit key variables that are well known to predict much of the variance in democracy such as per capita GDP and urbanization. Dunning's (2004) argues that donors' ability to condition aid on democratic reforms were more credible in the post-Cold War period, but he does not account for the level of democracy in the previous period—thus not correcting for serial correlation in the measurement of democracy.

These mixed findings may also in part be due to measurement issues. As several scholars have noted, aid is not a uniform resource flow. It has myriad goals and modalities, only some of which fit with the theories posited in the literature (Findley, Powell, Strandow, & Tanner, 2011; Resnick & van de Walle, 2013; Tarp, 2000). Aid funds delivered directly to an NGO or to a project director, for instance, are likely to have very different effects than direct budget assistance to a government ministry (Dietrich, 2013; Wright & Winters, 2010). Donors also vary considerably in their willingness to monitor and evaluate aid projects. For instance, the United States puts few conditions on its economic aid to Pakistan and Egypt, though put considerable conditions on its structural adjustment loans to in the 1980s and 1990s (Epstein & Alan Kronstadt, 2012; Gibbon *et al.*, 1992; Ibrahim, 2009; Mosley, 1986). The tendency of the literature to conflate these modalities and goals makes interpreting the effects of aid difficult at best.

In addition to measurement issues, these mixed findings may also have to do with the fact that elections are riskier for some autocrats than others. When elections create the possibility that an autocrat will lose power, or will be forced to redistribute government resources more widely, it is less likely that donors will be able to promote liberalization. Wright (2009) makes this argument explicitly: he contends that aid should only effect democratization when the risk of an incumbent losing office is low. He shows that when this risk is low—using measures of a winning coalition size and economic growth—foreign aid has a positive effect on democratization.

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